Section 42 Reporting Forms

General Guidelines

There are two acceptable methods that can be used to report income and expenses required under special assessment provisions for qualifying Section 42 properties. The first uses an Excel spreadsheet, which is, submitted to the assessor by attaching the completed form to an e-mail or downloading it to a floppy or CD which are mailed or hand delivered. The second method is to use a paper copy of the Excel spreadsheet entering all data by hand. The paper copy will be delivered by hand, fax or mail.

All reports must have an original signature of the General Partner or designee certifying that the information submitted in the report is accurate and complete and that there is no depreciable expense included in the report. If the report is submitted by fax, e-mail, CD or floppy a paper copy with an original signature of the General Partner must also be received by hand or mail at a later date.

A current rent roll must accompany the report reflecting the number of units and associated rents as of January 1. The rent roll must include all units, including but not limited to, units used as offices, the on-site managers unit, and employee units or reserved units. The Potential Gross Apartment Income must reflect the total income as if all units are rented and occupied.

The Form

The form is based upon a basic Excel spreadsheet using three years of income and expense data to value properties using the income approach. The top portion of the form is reserved for identification of the subject property and includes spaces for the properties name; the properties address; the parcels identification number; the name of the person preparing the form; telephone number; and e-mail address.

The form is further divided for income and vacancy data; expense data; computations for Net Operating Income; notes for the statement; and an affidavit certifying the data.

Both forms have three columns representing a three-year period of income, vacancies and expenses. A fourth column allows the assessor to normalize (adjust) the three years of data for each income and expense category. The fifth column allows the assessor to describe the method he or she used to determine the normalized income or expense. Please note, with the exception of Potential Gross Apartment Income and Vacancy, the default for the electronic form for normalization is a three year average. Pursuant to Department rules, the Potential Gross Apartment Income should be based upon the current or actual rent rolls and Vacancy is based upon actual vacancy loss.

The form is based upon the basic Income Approach formula of:

	Potential Gross Income
Minus:	Vacancy & Collection Loss
Plus:	Miscellaneous Income
Equals:	Effective Gross Income
Minus:	Operating Expenses
Equals:	Net Operating Income
Divided by:	Capitalization Rate
Equals:	Indicated Value

The Paper Form

The paper form is similar to the electronic form and allows the property owner to submit his or her data using hand or typed data entries. This format does not include a column for computation of a vacancy rate or expense ratios. It's assumed that the assessor will enter this data onto the excel spreadsheet to finalize the valuation process. The person preparing the form shall insure that supplemental attachments be submitted with the paper format detailing special entries. This shall include explanations or descriptions for all "Other" entries and entries out of the ordinary. This may include, but not be limited to, rebates; special assessments; charge-backs; extraordinary expenses; casualty losses, etc.

If the assessor completes the valuation process using only the paper format it is highly recommended to attach any notes or comments regarding adjustments made to the submitted data to the completed valuation form.

 The paper format includes the affidavit certifying the accuracy and completeness of the data.

The Electronic Form

If the property owner submits his or her data by means of this electronic report, a paper copy of the report must be mailed or hand delivered at a later date. This report must include an original signature of the General partner or designee certifying the accuracy and completeness of the data contained within the report.

It is recommended the assessor create a copy of the report once he or she receives it. The copy then can be used as the assessors' worksheet and include the assessor's comments, adjustments and final value(s).

The sixth column on the electronic form computes the vacancy percentage and expense ratios for the various expense categories as well as an overall expense ratio. Pursuant to Department rules, property taxes are included as an expense, but are deducted from the expenses when determining the expense ratio.

The electronic format is a password-protected form. All income and expense category descriptions are password protected and cannot be altered or changed without "un-protecting" the form first. The same can be said for all the formulas with the exception of the formulas for the normalization of incomes and expenses.

Basic Spreadsheet Attributes and Excel Commands Each

Cells

A spreadsheet is composed of individual cells that hold text, graphics, data and formulas. Cell locations are determined by their location in columns and rows. The spreadsheet is divided by lettered-headed columns at the top of each spreadsheet and numbered rows in the left margin of each spreadsheet. Each cells address or location is determined by the intersection of these lettered columns and numbered rows.

Formulas

The spreadsheet uses the cell location for computation of mathematical formulas. A simple formula might be to add cells C5 and C6 placing the result at the C7 cell address. This adds the data in the 5th cell down in the third column (column C) and the 6th cell down in the third column (column C) and inserts the result in the 7th cell down in the third column. The formula would be entered as =C5+C6 at the C7 cell.

Excel uses basic and standard algebra formula structures. To add use the + (plus) sign; to subtract use the – (minus) sign; to divide use the / (division) sign; to multiply use the * (multiplier) sign. Each formula must begin with the = (equal) sign.

For more advance users a paste function and click and drag can be employed to insert a myriad of mathematical, statistical and functional uses.

Comments

Comments can be added to each cell when desired. The comment can be used to describe an entry, provide instruction or various other uses. Typically the comment is hidden and only appears when the cursor is placed over the cell. A cell with a hidden comment will have a small red triangle in the upper right hand corner of the cell. To insert or edit a comment, place the cursor in the cell where you wish to insert the comment. Right click the mouse and select *Insert Comment* on the pull down menu. A text box appears for your message. Remember to enlarge the box if your message is larger then the box. Once you're satisfied with the comment and the size of the box right click the cell once again. With the pull down menu select *Hide Comment*. Your comment will not be viewable unless the cursor is placed over the cell. Editing an existing comment uses the same procedure – place your cursor over the cell, right click the mouse and select *Edit Comment* from the menu.

Any comments with a blue background are not to be changed or edited. They are instructions in the use of the form or rules for the section 42 valuation process.

Printing Form(s)

The form will print on two pages or a single sheet if using a duplex feature on most laser printers. To print on an ink jet printer the user will need to select "fit to page" prior to printing.